

February 10, 2004

Ms. Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

RE: Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company, d/b/a NSTAR
Electric, D.T.E. Docket No.03-121

Dear Ms. Cottrell:

Acushnet Company, the second largest electricity customer of Commonwealth Electric Company (NSTAR) employing over 2,000 associates at several locations in the Greater New Bedford area in Southeastern Massachusetts, respectfully objects to the referenced tariffs as unfair and unsubstantiated. On-site power generation and especially cogeneration of heat and power (known as combined heat and power) provides significant direct and indirect benefits to the power distribution grid and to society as a whole which have not been included in the standby rates proposed by NSTAR.

Cogeneration, which utilizes the waste heat of exhaustion from the prime mover that drives the generator to produce steam and hot water for use in plant processes, is significantly more efficient than the central plant method of electric utility generation, transmission and distribution of electricity by 35 to 40%. The societal benefit is reduced air pollution because of the ability of the on-site generation to capture and use the waste heat that otherwise is wasted by remote generation. Both electrical energy and BTUs of thermal energy being produced by the same BTUs of fuel that otherwise just produce electrical energy. Additionally, because the electricity is generated on-site, there are no transmission or distribution losses.

On-site generation also unloads the T & D system that delivers electricity to the local area, which is a direct benefit. It reduces and often eliminates the need for substation and feeder upgrades in older, heavily loaded communities and in developing areas of the T & D system. This benefit of postponing major capital investments by the utility and the assumption of capital investment by the consumer must be included in the tariff to offset NSTAR's proclaimed stranded costs.

In conclusion, we submit that, due to all of the local impacts and benefits that accompany on-site generation, a single standby tariff for an entire service territory is unfair and unjustified. As a major customer of NSTAR we consumer \$4-5 million in electricity on an annualized basis. If accepted as submitted the standby cost to Acushnet Company will be in excess of \$225,000 annually. A tariff that accounts for all of the positive and negative elements associated with the specific customer's installation and location on the T & D system should be developed through a collaborative process. In this way all customers will be treated fairly and equitably. Additionally, assessing a standby rate that is based on the total output of the on-site generation further penalizes the customer who has invested in the redundancy of multiple generators.

Acushnet Company is a Massachusetts based manufacturing company that is committed to maintaining its competitive edge by applying technologies that reduce operating and production costs, such as cogeneration. We support the establishment of fair and just standby rates and look forward to working with the Department and NSTAR on developing such rates for Massachusetts and Acushnet Company.

Sincerely,

Raymond L. Cebula
V.P. Engineering & Technology

cc: William H. Stevens, DTE Hearing Officer
David S. Rosenzweig, Esq., Keegan, Werlin & Pabian, LLP

